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CENTRAL INTELLIGENCE GROUP INTELLIGENCE REPORT

COUNTRY Germany/Russian Zone

DATE:

SUBJECT Intra-Zonal and Inter-Zonal Trade

INFO.

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SUPPLEMENT

ORIGIN

50X1-HUM

DISTRIBUTION

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1.

a certain amount of friction exists between the Provincial Administrations in the Russian Zone concerning the exchange of industrial products.

reluctance of Provinces to allow products to leave their areas specifically Saxony's refusal to supply Kaolin to Thuringia and the latter's counter-measure of refusing to send wood to Saxony. 50X1-HUM

2. The Central German Administration in Berlin had informed Soviet Hq in Karlshorst of these conditions, but the latter had ruled that the local commandants who were responsible for the blocking of inter-Provincial trade were to continue to use their own discretion (i.e., no orders would be given to the effect that they should refrain from stopping inter-Provincial exchanges). A German official of the Central Administration had expressed the view that the Russians intend this state of affairs to continue so that factories will eventually have to cease working, thereby enabling the Russians to take action against responsible personnel for alleged inefficiency. 50X1-HUM

3.

intra-zonal trade was a far more difficult problem than inter-zonal traffic. It appeared that Commandants of Provinces were planning large-scale exchanges with the Western Zones and that, with this purpose in mind, they were accumulating all kinds of material, including staple fiber, for big deals with the West. 50X1-HUM

the local commandants had been acting over the heads of the SMA Hq, whose production and distribution plans were thereby thrown into confusion.

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4. [REDACTED]
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The factory, however, will eventually have to cease production because the ban on inter-Provincial trade makes it impossible to dispose of 1,150 tons of cellulose already produced. In addition, there will soon be no storage space available.

4. In November 1940, three paper mills ceased production because of lack of raw materials. It seemed probable that in the near future other paper mills would also close down.

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